

The complaint

Miss A complains about how NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY handled her chargeback dispute.

What happened

In early June 2024, Miss A paid around £3,000 from her current account for an online property management course. The course was provided through a company I'll refer to as "P". A matter of weeks afterwards, toward the end of June, Miss A raised some concerns with NatWest about what she'd paid for. In short, she believed she'd fallen victim to a scam; Miss A says she followed NatWest's instructions and raised a chargeback dispute, about the payment to P, in an attempt to obtain a refund.

Miss A has told of how she was informed by bank staff that her chargeback dispute was both open and that it had been closed, or that it needed more information; all of which caused not insignificant confusion and upset. Miss A complained, several times, about the service she'd received.

NatWest issued three letters in response to Miss A's complaints. In summary, the bank said:

- The level of service it expected to deliver for its customers hadn't been provided here. Specifically, confusion had occurred around whether the dispute had been raised as a claim of fraud or a chargeback; there were multiple instances of misinformation being provided and, more broadly, much more could've been done to assist Miss A. NatWest paid Miss A £250 compensation to recognise the impact of these issues.
- A chargeback dispute for the payment to P had been raised, on 30 July 2024, but hadn't been successful. That's because P had provided a reasonably robust defence, essentially demonstrating that it had provided the service Miss A paid for; P also said that Miss A had accepted its terms and conditions – providing her signed agreement – part of which explained that payments to P were non-refundable.
- In a call with NatWest, Miss A had been given the option to argue against P's defence – something she said she'd do.

Miss A brought her complaint to this Service in September 2024. An Investigator here considered what had happened so far and, having done so, thought that NatWest had done enough to put things right. Broadly, the Investigator explained:

- The chargeback dispute had been raised, which was appropriate in this scenario, and appeared to be ongoing. So, broadly speaking, by raising the chargeback and pursuing it, NatWest had shown a commitment to helping Miss A recover the

payment made to P – although it should be noted that there is never a guarantee of success.

- NatWest had indeed provided a poor level of service here and Miss A should be compensated as a result. The £250 already paid was a fair and reasonable amount in the circumstances.

Miss A disagreed with our Investigator. She said that it wasn't necessarily about NatWest, but how she perceived P to have scammed her. Alongside that, though, Miss A did reiterate how the service she'd received from NatWest had been poor. Miss A requested an Ombudsman's review and, as no agreement has been reached, her complaint has been passed to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

At the outset, I should emphasise that my remit here isn't to address the service provided by P – or indeed Miss A's accusations against it. Instead, my review considers how NatWest dealt with the chargeback dispute Miss A brought to it. That may well disappoint Miss A, I know a large portion of her concerns are about P – not necessarily NatWest – but I think that's all the more reason to be clear about what I can, and can't, comment on.

By way of general background, it's also important to note how NatWest had no discretion over whether Miss A's chargeback dispute was successful; it's obliged to follow the chargeback rules of the relevant card scheme. Here, as I understand it, that's Mastercard. It's considered good practice for a card issuer – that's Miss A's bank, NatWest – to attempt a chargeback where the right exists and there's some prospect of success. That said, the unique circumstances of a dispute means it won't always be appropriate to raise or pursue a chargeback. The rules set by the relevant card scheme specify certain grounds and conditions, and if these aren't met then a chargeback is unlikely to succeed.

Additionally, a chargeback can be defended by the party that received payment – generally known as the 'merchant'. Here, that's P. Ultimately, the card scheme itself can be asked to rule on the dispute – in a process called arbitration – should neither the consumer nor the merchant concede.

In this scenario, it appears Miss A attempted to cancel the service she'd paid P for. As I understand it, that was due to health-related reasons; Miss A didn't feel she'd be able to make use of the service until she'd recovered. I gather, from the information I have, that Miss A's position is such that she considers she should've been able to cancel and receive a refund. So, I think NatWest was right to try and assist Miss A by raising a chargeback dispute – one can indeed be attempted in such circumstances as Miss A's – even if it didn't provide the best general service in doing so.

Given the substantial confusion over what's happened with Miss A's chargeback, I recently queried with NatWest whether it did pursue the dispute through to arbitration. NatWest has confirmed that it didn't and, on balance, while I know Miss A will see things differently – or even be under the impression NatWest *did* take the dispute that far – I don't think it was inherently unreasonable of the bank not to pursue the matter.

Having checked what the chargeback rules set out, as well as reading P's terms and conditions – and its response to the chargeback dispute NatWest raised – I'm satisfied that a

chargeback in these circumstances was very unlikely to succeed, either at initial stage or indeed at arbitration. Primarily, that's because Mastercard's rules require evidence to support a refund being due; here, though, such evidence isn't available. Instead, P's defence of the chargeback demonstrated how it has a no-refund policy in scenarios like Miss A's. More specifically, P referenced its terms and conditions – as part of a copy of Miss A's signed agreement – which set out:

“All payments to company are non-refundable”.

“Should a student become inactive in the program due to personal circumstances, we cannot warrant a refund...”

I think it fair to say those terms aren't very detailed, nor do they seem to incorporate the kind of cancellation clause that one might expect to see in a contract of this type. But in any event, given what they say, I think there's no real chance a chargeback would be successful here; such terms afford NatWest little scope to get Miss A's money back. As I've referenced above, Mastercard's rules set out that there must be evidence a refund is due. That's not available here; in fact, given P's terms, quite the opposite.

I make no comment on whether Miss A would be successful in pursuing P via other means – like in Court, for example. Nor can I comment on the fairness, or enforceability, of P's terms and conditions here, I'm not best placed to do so. All I can focus on is NatWest and, through that lens, given the confines of the chargeback scheme, and the defence supplied by P, I don't think NatWest had any real room for manoeuvre. The fact is that Mastercard's rules are clear, and they aren't something NatWest can simply choose to waive or bypass. So, even if the bank had taken Miss A's dispute as far as it could, I'm not persuaded a successful outcome would've been achieved.

That aside, there's no doubt that NatWest could've provided Miss A with better service. I can surely understand how several instances of misinformation, being passed from department to department, and not knowing for sure how the dispute was progressing – or even if it was – would've been frustrating, to say the least.

I was pleased to see NatWest acknowledge as much, that's only right in the circumstances and I think compensation for the bank's failings in this regard is warranted. To that end, I think the £250 already paid adequately compensates Miss A for the poor level of service she received; that's in-line with what I'd recommend had it not already been offered.

In closing, I am sorry to hear of the issues Miss A has faced here – I hope her health has improved, and that she finds herself in a better position now. I know this isn't the outcome she'll want to receive, and I do understand her frustrations with P, but it's for the reasons I've set out that I don't find NatWest needs to take any further action.

My final decision

My final decision is that I don't uphold Miss A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 8 July 2025.

Simon Louth

Ombudsman